



0000146181

## BEFORE THE ARIZONA CORPORA

BOB STUMP  
Chairman  
GARY PIERCE  
Commissioner  
BRENDA BURNS  
Commissioner  
BOB BURNS  
Commissioner  
SUSAN BITTER SMITH  
Commissioner

Arizona Corporation Commission

DOCKETED

JUN 27 2013

DOCKETED BY

nr

IN THE MATTER OF THE APPLICATION )  
OF UNS ELECTRIC, INC. FOR APPROVAL )  
OF REVISED PRICING RIDER-3 MARKET )  
COST OF COMPARABLE )  
CONVENTIONAL GENERATION )

DOCKET NO. E-04204A-13-0077

DECISION NO. 73935

ORDER

Open Meeting  
June 11 and 12, 2013  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On March 27, 2013, UNS filed an application for approval of its revised Pricing Plan Rider-3 Market Cost of Comparable Conventional Generation ("MCCCG") to be used in conjunction with Pricing Plan Rider-4, Net Metering for Certain Partial Requirements Service ("NM-PRS"). UNS' Pricing Plan Rider-3 specifies a standard rate to be paid for purchases of excess energy from Net Metering Facilities. The last revision of Pricing Plan Rider-3 was approved by the Commission's Decision No. 73159 (May 18, 2012).
3. For Net Metering customers, each calendar year, for the customer bills produced in October (September usage) or for a customer's "Final" bill, the Company credits the customer for any balance of excess kWhs remaining. The payment for the purchase of these excess kWhs is at the Company's applicable avoided cost. UNS has defined its avoided cost as the average hourly market cost of comparable conventional generation as specified on its proposed Pricing Plan

1 Rider-3 applicable to NM-PRS.

2 4. Rider-3 indicates that the MCCCCG will be filed annually (by April 1) by UNS for  
3 approval by the Commission.

4 **Proposed Tariff**

5 5. UNS' proposed revision to Pricing Plan Rider-3 would increase the MCCCCG and  
6 therefore increases the avoided cost rate from 2.9003¢ per kWh to 3.6653¢ per kWh for purchases  
7 of excess energy from Net Metering Facilities.

8 6. Staff has reviewed UNS' hourly marginal costs that resulted in the 3.6653¢ rate and  
9 finds the data and calculations to be reasonable.

10 **Recommendations**

11 7. Staff has recommended that UNS' revised Pricing Plan Rider-3 (MCCCCG) as  
12 applicable to Pricing Plan Rider-4 NM-PRS be approved.

13 8. Staff has further recommended that UNS file a Pricing Plan Rider-3 consistent with  
14 the Decision in this case within 15 days of the effective date of the Decision.

15 **CONCLUSIONS OF LAW**

16 1. UNS is an Arizona public service corporation within the meaning of Article XV,  
17 Section 2, of the Arizona Constitution.

18 2. The Commission has jurisdiction over UNS and over the subject matter of the  
19 application.

20 3. Approval of Pricing Plan Rider-3 does not constitute a rate increase as  
21 contemplated by A.R.S. Section 40-250.

22 4. The Commission, having reviewed the application and Staff's Memorandum dated  
23 May 14, 2013, concludes that Pricing Plan Rider-3 should be approved as discussed herein.

24 ...

25 ...

26 ...

27 ...

28 ...

ORDER

IT IS THEREFORE ORDERED that UNS Electric, Inc.'s revised Pricing Plan Rider-3 in the amount of 3.6653¢ per kWh be and hereby is approved as discussed herein.

IT IS FURTHER ORDERED that UNS Electric, Inc. shall file a revised tariff consistent with this Decision with Docket Control, as a compliance matter to this docket, within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**  
CHAIRMAN  
COMMISSIONER  
COMMISSIONER  
COMMISSIONER  
COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 27<sup>th</sup> day of June, 2013.

  
  
Jodi Jerich  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JJP:sms\CHH

1 SERVICE LIST FOR: UNS Electric, Inc.  
2 DOCKET NO. E-04204A 13-0077

3 Mr. Bradley S. Carroll  
4 Senior Regulatory Attorney  
5 UniSource Energy Services  
6 88 East Broadway Blvd.  
7 P.O. Box 711  
8 Tucson, Arizona 85702

9 Mr. Steven M. Olea  
10 Director, Utilities Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Ms. Janice M. Alward  
15 Chief Counsel, Legal Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28